

Message Text

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PAGE 01 STATE 071654

71
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O P 092043Z APR 74
FM SECSTATE WASHDC
TO AMEMBASSY BONN IMMEDIATE
INFO USMISSION BERLIN PRIORITY
AMEMBASSY LONDON
USMISSION NATO
AMEMBASSY PARIS

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E.O. 11652: GDS
TAGS: ETRN, WB, GW, US, UK, FR
SUBJEC: PANAM REQUEST FOR BERLIN AIR SERVICE FARE INCREASE

REF: A. BONN 5543
B. BONN 5559

1. DEPT. APPRECIATES PAN AM'S REASONS FOR SUBMITTING FARE
INCREASE PROPOSAL (REF A) WHICH STILL UNDER REVIEW BY
TECHNICAL EXPERTS. EVEN IF EXPERTS FIND PROPOSAL TO BE
JUSTIFIED, HOWEVER, WE FORESEE SERIOUS DIFFICULTIES IN
SENAT, FRG, PRESS AND WITH TRAVELLING PUBLIC IF YET ANOTHER
FARE INCREASE IS REQUIRED SO SOON AFTER APPROVAL OF TEN
PERCENT RISE LESS THAN TWO MONTHS AGO. WE WONDER IF
ALTERNATIVE METHOD OF COVERING ESCALATING FULL COSTS SUCH AS
SUGGESTED PARA TWO BELOW MIGHT NOT BE FOUND. WE WOULD HOPE
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PAGE 02 STATE 071654

AIRLINES AND CAAS WOULD EXPLORE SUCH POSSIBILITIES BEFORE

RAISING FARE INCREASE WITH FRG. FOR TIME BEING, THEREFORE, PAN AM FARE PROPOSAL SHOULD BE KEPT CONFIDENTIAL BETWEEN AIRLINE AND CAAS AND SUGGESTED SCENARIO FOR INFORMING FRG BCATAG REP AND FULL BCATAG (PARA FIVE REF B) SHOULD BE DROPPED. EMBASSY AND UK CAAS SHOULD SEEK TO IMPRESS UPON

PAN AM AND BRITISH AIRWAYS (BA) THAT ANY PUBLICITY ABOUT PRESENT FARE INCREASE PROPOSALS PRIOR TO MAKING CAREFULLY PLANNED PRESENTATION TO FRG COULD SERIOUSLY PREJUDICE AIRLINE'S CASE AND WOULD COMPLICATE UNDUELY ALLIED TASK OF CONVINCING FRG OF NEED FOR INCREASE AT THIS TIME.

2. BECAUSE NEW FARE INCREASE REQUEST ALMOST CERTAIN TO HAVE NEGATIVE REPERCUSSIONS BOTH IN FRG AND BERLIN, AND MIGHT FURTHER REDUCE VOLUME OF AIR TRAFFIC, EMBASSY SHOULD EXPLORE WITH PAN AM ALTERNATIVE POSSIBILITIES FOR COVERING INCREASED FUEL COSTS. TWO POSSIBILITIES ARE FRG FUEL SUBSIDY OR FRG ABSORBTION OF LANDING AND OTHER AIRPORT COSTS. RUSH

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